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Argentina

Citrus Annual

2008

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Report Highlights:
Citrus production for CY 2009 is estimated to increase to 3.04 million MT, as larger production of all four types of citrus is expected due to better weather conditions than for the 2008 crop. Lemon exports are forecast to decrease as production in major competing countries is expected to increase, and exports as well. Orange and tangerine exports are expected to increase due to larger production, and grapefruit exports will remain stable. Domestic consumption is estimated to remain at CY 2008 levels.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Annual Report
Buenos Aires [AR1]
[AR]

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Section I. Situation and Outlook

Executive Summary

Post forecasts an increase in production for CY (calendar year) 2009 of all four types of citrus (lemons, oranges, tangerines, and grapefruit) to a total of 3,04 million MT (metric tons) due to more favorable weather conditions than in CY 2008 and improved phytosanitary conditions. Domestic consumption is expected to decrease slightly in CY 2008 (due to lower production) and to remain stable in CY 2009. CY 2009 fresh citrus exports are estimated to decrease for lemons, as Spain and Turkey are expected to be back as major players in the international market. Exports are expected to increase for oranges and tangerines due to larger production; and remain stable for grapefruit.

CY 2008 citrus production is expected to fall for all citrus due to the effect of frost, followed by drought, which affected blossoms in most of the citrus production areas in 2007.

Argentina will have to meet lower MRL (maximum residue levels) standards for Russia in CY 2009 that are below those required by the E.U., Japan, Canada, and the U.S, among other countries. Russia accounted for approximately 20 percent of total Argentine fruit exports in CY 2007.

Production

Total CY 2009 citrus production is estimated to increase to 3.04 million MT, compared to CY 2008, as larger production of all four types of citrus is expected due to higher yields resulting from improved management techniques, favorable weather and better phytosanitary conditions.

In CY 2009, lemon production is expected to increase to 1.3 million MT, compared to the previous year, due to higher yields and additional plants entering production. Both orange and tangerine production are forecast to increase to 1 million MT and 500,000 MT, respectively, due to higher yields as a result of good weather conditions which favored blossom development in most production areas in Northeastern Argentina (NEA). Grapefruit production is forecast to increase to 240,000 MT due to higher yields and favorable weather in the main production region in Northwestern Argentina (NOA).

CY 2008 lemon production is expected to fall to 1.1 million MT due to lower yields, despite management improvements. Orange and tangerine production are expected to decrease to 800,000 MT and 350,000 MT, respectively, due to the late frost and hail storm in October 2007, which affected most productions areas in NEA. In addition, a drought in NEA in April-May, 2008, affected both orange and tangerine yields and quality. Grapefruit production is forecast to drop to 220,000 MT, in part due to unfavorable weather conditions in the main production region in NOA (frosts are not common in that region but droughts often happen affecting blossoms). Area planted to grapefruit also decreased.

In CY 2008, area planted to lemons decreased to 42,000 ha, compared to CY 2007, as several small lemon producers shifted to other crops with better yields, such as sugar cane, due to a poor harvest in CY 2007 and low domestic prices. Area planted to oranges remained stable, and area planted to tangerines decreased slightly as urban migration reduced labor available. Area planted to grapefruit also fell as about 700 hectares of old plantations were removed and replaced by orange plantations. Private sources stated that the higher yield of new plantations partially offset the overall decrease in area planted to citrus.

Citrus production costs in CY 2008 reportedly increased by over 30 percent. The highest increases were for fertilizers, labor, energy, and international freight.

Argentine Citrus Production (1000 MT)				
	CY 2007	CY 2008	CY 2009	
Lemons	1,470	1,100	1,300	**+18%**
Oranges	990	800	1,000	**+25%**
Tangerines	440	350	500	**+43%**
Grapefruit	240	220	240	**+9%**
TOTAL	**3,140**	**2,470**	**3,040**	**+23%**
Change from previous		**-21%**	**+23%**	

Consumption

Citrus domestic consumption is expected to decrease slightly in CY 2008 due to lower production and is forecast to remain stable in CY 2009. Estimated annual per capita consumption is as follows: lemon: 1.25 kg., orange: 11 kg., tangerine: 4.25 kg., and grapefruit: 1.75 kg.

Argentine Citrus Domestic Consumption (1000 MT)			
	CY 2007	CY 2008	CY 2009
Lemons	55	50	50
Oranges	490	440	440
Tangerines	200	170	170
Grapefruit	80	70	70
TOTAL	825	730	730
Change from previous		**-11.5%**	**0%**

Processing

In CY 2009, fresh citrus for processing is forecast to increase due to larger production. Fresh citrus fruit sent to the processing sector in CY 2008 is estimated to drop significantly as a result of smaller production, with packing houses focusing first on the fresh export market.

Argentine Citrus for Processing (1000 MT)			
	CY 2007	CY 2008	CY 2009
Lemons	1,055	630	900
Oranges	300	210	370
Tangerines	140	90	235
Grapefruit	131	117	137
TOTAL	1,626	1,047	1,642
Change from previous		**-35.5%**	**+57%**

Trade

Exports

Citrus exports in CY2009 are expected to decrease for lemons, increase for oranges and tangerines, and remain stable for grapefruit. Packing houses will do their best to supply the export market, if international prices remain relatively high, at the expense of the processing sector and domestic consumption.

CY 2008 fresh lemon exports are estimated to increase significantly both in volume and value as a result of high international prices following the drop in production in Spain and Turkey. Exports in CY 2009 are expected to drop to more normal levels as lemon production in both countries returns to normal.

CY 2009 fresh orange exports are estimated to rebound to 190,000 MT due to larger production. More orange varieties demanded by the export market are being planted in NEA. Fresh tangerine exports are expected to increase due to larger production, and fresh grapefruit exports are expected to remain stable.

CY 2008 exports of oranges and tangerines are expected to decrease due to lower production, and grapefruit exports are forecast to increase slightly as the NOA crops were not affected by poor weather conditions as much as in other citrus production areas.

Of total citrus exports in CY 2008, lemons accounted for approximately 60 percent, with oranges representing 22 percent; tangerines, 13 percent, and grapefruit, 5 percent.

Argentine Citrus Exports (1000 MT)			
	CY 2007	CY 2008	CY 2009
Lemons	360	420	350
Oranges	200	150	190
Tangerines	100	90	95
Grapefruit	29	33	33
TOTAL	689	693	668
Change from previous year		+0.5%	-3.5%

The main export destinations in January-August 2008, were as follows:

Fresh Citrus Fruit	Destination	Market Share
Lemons	EU	70% (of total fresh lemon exports)
	Russian Federation	18%
Oranges	EU	65% (of total orange exports)
	Russian Federation	18.5%

Tangerines	EU	41% (of total tangerine exports)
	Russian Federation	38%
Grapefruit	EU	58% (of total grapefruit exports)
	Russian Federation	30%

The Russian Federation (second largest market for Argentine fresh fruit) decided to implement a "temporary import restriction" for Argentine citrus, apples, pears, and table grapes until they complied with lower MRL (maximum residue levels) starting October 1, 2008. Following negotiations between phytosanitary authorities in both countries, the Russian phytosanitary authorities agreed to postpone for 60 days the implementation of this new requirement. The new MRL levels are lower than those required by the E.U., Japan, Canada, and the U.S, among other countries. The local industry is concerned about this new measure as, in CY 2007, the Russian Federation accounted for about 20 percent of total Argentine fruit exports: 22 percent of lemons, 34 percent of oranges, and 33 percent of tangerine exports. Local producers will adjust to the new measure during the CY 2009 season.

Argentine phytosanitary authorities continue negotiations with China to reopen the market for Argentine fresh citrus. Trade was interrupted in 2005 when China established cold treatment for all citrus fruit, which damaged the fruit quality. The industry has been focusing on other export destinations pending negotiations with officials in China.

Imports

Citrus imports are expected to remain negligible in CY 2009 and this trend is forecast to continue. In January-August 2008, total citrus imports totaled 1,986 MT, and were valued at $1,371,839. Imports came mainly from the following countries: Israel oranges and grapefruit), Mexico (oranges), Chile (grapefruit), and Uruguay (oranges).

Export and Import Regulations All Citrus Fruit	
For countries outside MERCOSUR AREA	%
Import Tariff	10.00
Statistical Tax	0.50
Export Tax	5.00
Export Rebate for cases containing less than 16 Kg.	5.00
Export Rebate for cases containing 16 – 20 Kg.	4.05
Export Rebate for cases containing more than 20 Kg.	2.70
For countries within MERCOSUR AREA	
Import Tariff	0.00
Export tariff	5.00
Export Rebate for cases containing less than 16 Kg.	5.00
Export Rebate for cases containing 16 – 20 Kg.	4.05
Export Rebate for cases containing more than 20 Kg.	2.70

Factors Affecting the Industry Structure

Farm strike

Shipment of citrus was disrupted during the Argentine farm strike, which affected transportation throughout the country for extended periods during March to June of 2008. Transportation has returned to normal since the end of the farm strike.

Prices

Lemons	FOB Prices (US$/MT)			
	2005	2006	2007	2008
January	300	360	0	583
February	490	550	482	1022
March	420	410	477	870
April	420	380	473	1016
May	410	380	469	1074
June	410	380	464	1076
July	400	380	469	976
August	390	380	466	758
September	380	390	483	
October	360	400	367	
November	100	1000	318	
December	290	0	519	
Average	364	455	453	

Source: Argentine Government Trade Statistics

Oranges	FOB Prices (US$/MT)			
	2005	2006	2007	2008
January	30	30	54	35
February	30	30	77	36
March	30	30	37	36
April	30	30	67	251
May	300	360	372	534
June	310	370	429	552
July	330	340	435	549
August	300	350	436	520
September	300	370	394	
October	240	336	397	
November	210	237	236	
December	30	70	36	
Average	178	213	247	

Source: Argentine Government Trade Statistics

Tangerines	FOB Prices (US$/MT)			
	2005	2006	2007	2008
January	0	0	909	196
February	530	540	741	741
March	530	580	592	728
April	530	540	589	756
May	540	580	612	786
June	520	550	622	779
July	500	550	607	769
August	480	540	628	773
September	470	520	610	
October	420	497	477	
November	230	70	86	
December	70	0	74	
Average	438	497	546	

Source: Argentine Government Trade Statistics

Grapefruit	FOB Prices (US$/MT)			
	2005	2006	2007	2008
January	0	40	705	68
February	0	0	1187	72
March	390	480	489	167
April	380	380	468	651
May	370	390	439	587
June	380	420	430	594
July	380	480	451	590
August	440	450	460	587
September	370	300	472	
October	0	52	77	
November	100	0	73	
December	40	52	70	
Average	317	304	443	

Source: Argentine Government Trade Statistics

Lemons	Domestic Wholesale Prices (US$/MT)				
	2004	2005	2006	2007	2008
January	250	210	180	380	1240
February	220	300	190	330	1160
March	220	220	220	260	630
April	240	210	250	280	540
May	190	180	200	230	298
June	160	170	170	200	332
July	150	160	150	170	387
August	150	150	150	160	363
September	160	150	150	190	308
October	160	150	240	340	0
November	180	180	290	430	0
December	200	170	N/A	800	0
Average	190	190	200	310	0

Source: Buenos Aires Central Market

Oranges	Domestic Wholesale Prices (US$/MT)				
	2004	2005	2006	2007	2008
January	180	150	120	230	210
February	240	210	160	350	310
March	360	150	270	220	300
April	410	170	300	270	350
May	210	170	280	310	322
June	170	180	220	260	283
July	140	170	210	220	300
August	150	150	190	190	331
September	150	150	240	180	299
October	160	180	310	190	0
November	190	190	310	170	0
December	200	140	0	190	0
Average	210	170	240	200	0

Source: Buenos Aires Central Market

Tangerines	Domestic Wholesale Prices (US$/MT)				
	2004	2005	2006	2007	2008
January	290	160	250	180	0
February	300	370	0	0	0
March	210	180	200	0	190
April	160	160	240	200	250
May	140	150	230	190	288
June	130	130	220	170	299
July	120	110	200	130	341
August	140	140	190	140	340
September	170	130	210	190	293
October	200	140	250	190	0
November	210	200	280	170	0
December	200	220	0	160	0
Average	190	170	210	140	0

Source: Buenos Aires Central Market

Grapefruit	Domestic Wholesale Prices (US$/MT)				
	2004	2005	2006	2007	2008
January	410	390	370	400	300
February	430	590	380	410	340
March	450	280	340	310	410
April	310	250	280	0	390
May	190	190	340	0	313
June	150	210	210	0	296
July	140	190	200	200	332
August	190	190	300	190	311
September	210	210	270	210	281
October	270	200	310	180	0
November	290	290	330	170	0
December	320	280	0	230	0
Average	280	270	300	190	0

Source: Buenos Aires Central Market

Domestic Retail Prices (US$ / MT)								
	Lemons				Oranges			
	2005	2006	2007	2008	2005	2006	2007	2008
January	450	420	950	1590	310	290	500	370
February	440	430	750	1000	300	350	500	380
March	480	450	680	750	300	440	480	410
April	470	460	600	0	310	500	490	n/a
May	440	430	550	0	350	440	440	n/a
June	420	400	520	0	330	390	370	n/a
July	400	390	460	0	310	360	320	n/a
August	380	390	480	0	300	350	320	n/a
September	400	390	510	0	300	390	330	n/a
October	430	450	680	0	290	430	340	n/a
November	430	550	1090	0	280	450	330	n/a
December	430	710	1400	0	310	470	350	n/a
Average	430	450	1570	0	310	410	360	n/a

Source: National Institute for Statistics and Census (www.indec.gov.ar). Domestic retail prices are no longer available for public consultation on the INDEC website.

Domestic retail prices for citrus fruit are as follows:

Citrus Fruit	US$ / kg
Lemon	1.18
Orange	0.60
Tangerine	0.54
Grapefruit	0.88
	US$1 = AR$3.31 (Oct. 27, 2008)

Section II. Statistical Tables

Lemons, Fresh Argentina	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			
	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	Annual Data Displayed		Jan Data	
Area Planted	44000	44000	44000	42000	42000	42000			43000	(HECTARES)
Area Harvested	40700	40700	40700	40700	40700	41500			42000	(HECTARES)
Bearing Trees	11000	11000	11000	15000	15000	13000			13000	(1000 TREES)
Non-Bearing Trees	1000	1000	1000	1000	1000	1000			1000	(1000 TREES)
Total No. Of Trees	12000	12000	12000	16000	16000	14000			14000	(1000 TREES)
Production	1470	1470	1470	1100	1100	1100			1300	(1000 MT)
Imports	0	0	0	0	0	0			0	(1000 MT)
Total Supply	1470	1470	1470	1100	1100	1100			1300	(1000 MT)
Exports, Fresh	360	360	360	350	350	420			350	(1000 MT)
Fresh Dom. Consumption	55	55	55	40	40	50			50	(1000 MT)
For Processing	1055	1055	1055	710	710	630			900	(1000 MT)
Total Distribution	1470	1470	1470	1100	1100	1100			1300	(1000 MT)
TS=TD			0			0			0	
Comments										
AGR Number										

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Oranges, Fresh Argentina	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			
	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	Annual Data Displayed		Jan Data	
Area Planted	50000	57000	50000	50000	57000	50000			50000	(HECTARES)
Area Harvested	45000	56000	45500	45500	56000	45500			45500	(HECTARES)
Bearing Trees	20000	20000	20000	20000	20000	23000			23000	(1000 TREES)
Non-Bearing Trees	3000	3000	3000	3000	3000	2000			2000	(1000 TREES)
Total No. Of Trees	23000	23000	23000	23000	23000	25000			25000	(1000 TREES)
Production	990	800	990	800	850	800			1000	(1000 MT)
Imports	0	0	0	0	0	0			0	(1000 MT)
Total Supply	990	800	990	800	850	800			1000	(1000 MT)
Exports, Fresh	200	165	200	180	180	150			190	(1000 MT)
Fresh Dom. Consumption	490	460	490	440	480	440			440	(1000 MT)
For Processing	300	175	300	180	190	210			370	(1000 MT)
Total Distribution	990	800	990	800	850	800			1000	(1000 MT)
TS=TD			0			0			0	
Comments										
AGR Number										

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Tangerines/Mandarins, Fresh Argentina	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Apr 2007			Market Year Begin: Apr 2008			Market Year Begin: Apr 2009			
	Annual Data Displayed		New Post Data	Annual Data Displayed		New Post Data	Annual Data Displayed		Jan Data	
Area Planted	36500	36500	36500	36000	36000	34000			34000	(HECTARES)
Area Harvested	32500	32500	33000	32500	32500	32000			32000	(HECTARES)
Bearing Trees	14000	14000	14000	14000	14000	18000			18000	(1000 TREES)
Non-Bearing Trees	1000	1000	1000	1000	1000	2000			2000	(1000 TREES)
Total No. Of Trees	15000	15000	15000	15000	15000	20000			20000	(1000 TREES)
Production	440	440	440	350	350	350			500	(1000 MT)
Imports	0	0	0	0	0	0			0	(1000 MT)
Total Supply	440	440	440	350	350	350			500	(1000 MT)
Exports, Fresh	100	100	100	90	90	90			95	(1000 MT)
Fresh Dom. Consumption	200	200	200	170	170	170			170	(1000 MT)
For Processing	140	140	140	90	90	90			235	(1000 MT)
Total Distribution	440	440	440	350	350	350			500	(1000 MT)
TS=TD			0			0			0	
Comments										
AGR Number										

Comments To Post

Grapefruit, Fresh Argentina	2006			2007			2008			
	2006/2007			2007/2008			2008/2009			
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan	
			Data			Data			Data	
Area Planted	12400	12400	12400	12000	12000	11700			11700	(HECTARES)
Area Harvested	10800	10800	12000	10800	10800	11000			11000	(HECTARES)
Bearing Trees	3000	3000	3000	4500	4500	3500			3500	(1000 TREES)
Non-Bearing Trees	100	100	100	500	500	150			150	(1000 TREES)
Total No. Of Trees	3100	3100	3100	5000	5000	3650			3650	(1000 TREES)
Production	240	240	240	220	220	220			240	(1000 MT)
Imports	0	0	0	0	0	0			0	(1000 MT)
Total Supply	240	240	240	220	220	220			240	(1000 MT)
Exports, Fresh	29	29	29	30	30	33			33	(1000 MT)
Fresh Dom. Consumption	80	80	80	70	70	70			70	(1000 MT)
For Processing	131	131	131	120	120	117			137	(1000 MT)
Total Distribution	240	240	240	220	220	220			240	(1000 MT)
TS=TD			0			0			0	
Comments										
AGR Number										

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